

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 5605 PCB GOA 10-04 Public Employees Relations Commission

**SPONSOR(S):** Government Operations Appropriations Committee and Hays

**TIED BILLS:** **IDEN./SIM. BILLS:**

	<b>REFERENCE</b>	<b>ACTION</b>	<b>ANALYST</b>	<b>STAFF DIRECTOR</b>
Orig. Comm.:	Government Operations Appropriations Committee	9 Y, 5 N	Dykes	Topp
1)	Full Appropriations Council on Education & Economic Development		Dykes	Voyles
2)				
3)				
4)				
5)				

**SUMMARY ANALYSIS**

The Public Employees Relations Commission (“Commission”) is a quasi-judicial agency created in 1975. Its purpose is to resolve public sector labor and employment disputes in a fair, impartial and efficient manner and to otherwise effectuate the state’s labor policy of promoting harmonious and cooperative relationships between government and its employees and protecting the public by preventing work stoppages.

The Commission is currently composed of a chair and two full time members appointed by the Governor, subject to Senate confirmation, for overlapping terms of four years, and a staff of 26 full time employees. The chair, as agency head, is responsible for the full time administrative and operational functions of the agency.

This bill changes the composition of the Commission to consist of a chair and two part-time members, which will result in a cost savings for the Commission in the Salaries & Benefits appropriation category of \$117,500. This bill will allow the House proposed Appropriations Act to conform with substantive law due to the aforementioned budget reductions in General Revenue and the Public Employees Relations Commission Trust Fund (PERC Trust Fund).

This bill does not affect the current law requiring the chair to devote full time to commission duties and not engage in any other business, vocation, or employment while in such office. This bill does prohibit the part-time members from engaging in any business, vocation, or employment that conflicts with their duties while in such office.

Without the change in the Commission member’s full time equivalent status, other operational reductions such as staff reductions will be necessary to bring the budget of the PERC Trust Fund in alignment with its projected revenues for the 2010-2011 fiscal year.

This bill is effective July 1, 2010.

## HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives.

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### Current Situation

The Commission is a quasi-judicial agency created in 1975. Its purpose is to resolve public sector labor and employment disputes in a fair, impartial and efficient manner and to otherwise effectuate the state's labor policy of promoting harmonious and cooperative relationships between government and its employees and protecting the public by preventing work stoppages.

The Commission is composed of a chair and two full time members appointed by the Governor, subject to Senate confirmation, for overlapping terms of four years, and a staff of 26 full time employees. The chair, as agency head, is responsible for the full time administrative and operational functions of the agency. The Commission's hearing officers (who must be members of The Florida Bar for at least five years) hold formal evidentiary hearings throughout the state on public sector labor and employment disputes and issue recommended orders to the Commission. The Commission reviews the record in each case to determine whether there is competent, substantial evidence to support the hearing officer's factual findings and whether the law was applied correctly by the hearing officer. The Commission then issues a final order, which can be appealed directly to a state district court of appeal.

The Commission is generally appropriated General Revenue that represents approximately 45% of its total operating budget and 55% in budget authority from its PERC Trust Fund. The revenue source for the Commission's trust fund is .1 percent of the Local Government Half-Cent Sales Tax. Two Commission members are paid from General Revenue funds (including the chair) and the third Commission member is paid from the PERC Trust Fund.

##### Effect of Proposed Changes

This bill changes the composition of the Commission to consist of a chair and two part-time members, which will result in operating cost savings for the Commission due to the corresponding reduction in the Salaries & Benefits appropriation category of \$117,500. This bill will allow the House proposed Appropriations Act to conform with substantive law due to the aforementioned budget reductions in General Revenue and the PERC Trust Fund.

This bill does not affect the current law requiring the chair to devote full time to commission duties and not engage in any other business, vocation, or employment while in such office. The chair will continue to devote full time to commission duties as that position maintains an equal division of the caseload in addition to the performance of administrative and operational duties as the agency head. This bill does prohibit the part-time members from engaging in any business, vocation, or employment that conflicts with their duties while in such office.

The salaries of the Commission members are fixed by law<sup>1</sup> and set forth in the General Appropriations Act. Changing the two full time Commission members to part-time status will result in operating cost savings for the Commission due to a corresponding reduction in the Salaries & Benefits appropriation category. In addition, changing the trust funded Commission member to part-time status will help balance the operating budget for the PERC Trust Fund due to declining tax collections coupled with declining trust fund balances.

Without the change in the Commission member's full time equivalent status, other, and possibly more operationally debilitating reductions, will be necessary to bring the budget of the PERC Trust Fund in closer alignment with its projected revenues for the 2010-2011 fiscal year.

#### B. SECTION DIRECTORY:

**Section 1:** Amends s. 447.205, F.S., requiring the commission to be comprised of a chair and two part-time members. Requires the chair of the commission to devote full time to commission duties and not engage in any other business, vocation, or employment while in such office. Prohibits the part-time members from engaging in any business, vocation, or employment that conflicts with their duties while in such office.

**Section 2:** Provides an effective date of July 1, 2010.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

#### A. FISCAL IMPACT ON STATE GOVERNMENT:

##### 1. Revenues:

None.

##### 2. Expenditures:

The Commission is generally appropriated General Revenue that represents approximately 45% of its total operating budget and 55% in budget authority from its PERC Trust Fund. The revenue source for the Commission's trust fund is .1 percent of the Local Government Half-Cent Sales Tax. Two Commission members are paid from General Revenue funds (including the chair) and the third Commission member is paid from the PERC Trust Fund.

The salaries of the Commission members are fixed by law<sup>2</sup> and set forth in the General Appropriations Act. Changing the two full time Commission members to part-time status will result in operating cost savings for the Commission due to corresponding reductions in the Salaries & Benefits appropriation category.

#### Salaries & Benefits Appropriation Category

PERC Trust Fund – (.50 FTE) (\$58,750) Recurring

General Revenue – (.50 FTE) (\$58,750) Recurring

Total – (1.00 FTE) (\$117,500) Recurring

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<sup>1</sup> Section 447.205(2), F.S.

<sup>2</sup> Section 447.205(2), F.S.

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

None.

2. Expenditures:

None.

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

None.

**D. FISCAL COMMENTS:**

None.

**III. COMMENTS**

**A. CONSTITUTIONAL ISSUES:**

1. Applicability of Municipality/County Mandates Provision:

None.

2. Other:

None.

**B. RULE-MAKING AUTHORITY:**

None.

**C. DRAFTING ISSUES OR OTHER COMMENTS:**

None.

**IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES**